

**Parowan City Council Minutes
December 10, 2015 - 6:00 P.M.
Parowan City Office - 35 East 100 North**

MEMBERS PRESENT: Donald Landes (Mayor), Alan Adams (Councilman), Troy Houston (Councilman), Steve Thayer (Councilman), Jay Orton (Councilman), Ben Johnson (Councilman), Shayne Scott (City Manager), Justin Wayment (Attorney), Judy Schiers (Acting Secretary)

MEMBERS ABSENT: Callie Bassett (Secretary)

PUBLIC PRESENT: David and Heather Mineer, Jim Shurtleff, Vickie and Greg. Hicks, Kelly Stones, Aldo Biasi, Chuck and Dottie Staede, Meliss Houston, Jason and Katie Green, Kristen Robinson, Stacy Gale, Paul Smith, Von Mellor, Mary Hanley, Chad Atkinson, Jameson Griffiths, Gaylord Robb, Trevor Green, Amy Johnson, Emmy Johnson, McKenzie Nims, Brennin Johnson, Courtney Apodace, Julia Bayles, Avona Sanchez, Ella Taylor, Mason Kerr, Joe Bradshaw, Raymond Berger, Ally Simpson, Bob Whitelaw, BreeAnna Laub, Ryan Riddle, Mike Melton,

CALL MEETING TO ORDER: Mayor Landes called the meeting to order at 6:00 P.M.

OPENING CEREMONIES/THOUGHT/PRAYER/PLEDGE OF ALLEGIANCE - TROY HOUSTON: Troy Houston provided the opening ceremonies.

DOES ANYBODY HAVE ANY CONFLICTS OR PERSONAL INTEREST IN ANY MATTER ON THE AGENDA WHICH NEEDS TO BE DECLARED? Ben declared a conflict with the Rufus Building selection. He recused himself from voting. Mayor Landes also declared a conflict with the same issue. Alan Adams stated he also had some conflict but that he would be voting on the issue.

CONSENT MEETING

APPROVAL OF MINUTES (NOVEMBER 12, 2015 CITY COUNCIL MEETINGS):

PURCHASE ORDERS/WARRANT REGISTER: Shayne said that there is a Purchase Order on the agenda with a large amount that he would like to discuss. Alan said there are two different amounts and wanted clarification. Shayne said the \$51,000 is the actual quote, but has a \$10,000 contingency. He said that this is something that Von has been talking about for some time and felt now was a good time to do this. Shayne said that this is not budgeted for. We do have a fund balance in the power company that would take care of the costs, but it was not in the budget.

Von said that at the Red Creek Plant they need to do some work on the controls. They started working on them with Bill King and in the middle of the project, he got sick and subsequently passed away. Bill had passwords associated with the project that he did not give out or tell anyone and Von said that if something goes wrong with the plant, it would just shut down the

plant. Cliff Malm put in the original controls and could come in and do this project the most efficiently and cost effective, and could piggy back off of what is already there and bring the plant back up to date.

Von said that there is some money that he had put away at UAMPS from a surplus that we had. He said he put this money away for some unexpected high power bills with the Hunter project and it worked out that those issues were resolved, so that money is available for the Red Creek Controls. Alan Adams asked if that was enough to cover this project. Von said that it was.

Ben said that it looks like there were three bids. The next bid after Cliff Malm came in at \$92,000. Von said that he really only considered two of the bids, as the other bid was not qualified to do the work.

EMPLOYEE OF THE YEAR - KRISTEN ROBINSON: Mayor Landes introduced the Employee of the Year, Kristen Robinson. He said he was very appreciative of all she has done. She is an outstanding employee.

PLANNING COMMISSION MEMBER - JAMES IPSON (ALTERNATE):

Ben Johnson made a motion to approve the consent agenda. Alan Adams seconded the motion. All members present voted in favor of this motion.

ACTION MEETING

BEER AND WINE LICENSE APPLICATION - HAMBURGER PATTIES: Gaylord Robb was present requesting local approval for a beer and wine application for Hamburger Patties. He said that the plans were to serve beer and wine on the Steakhouse side of the business, but at this time has no plans to serve beer and wine on the hamburger side of the business. He said that the steakhouse will be open Monday-Saturday from 5:00 P.M. to 10:00 P.M., and closed on Sunday.

Troy asked if he has an application with the state. Gaylord stated he does, but needs local approval. Troy asked if staff has gone and looked at this. Shayne said that they have. He said that there are two requirements in relation to distances from city property and schools. The only glitch would be the classification of the industrial park. The state code says that no wine or beer shall be served on premises that are within 600 feet walking distance (of a park) from the door to the edge of a park or sight distance of 200 feet. Hamburger Patties is 473 feet from the industrial park.

Mayor Landes said that the industrial park is actually a museum. Shayne said that is what he would classify it as, but this will be further scrutinized at the state level.

Steve Thayer feels that we should change the name of the industrial park to industrial museum.

Shayne said that the City needs to write a letter in support of this application and he could note that in the letter.

Ben Johnson asked if he would have to request a new business license for the steakhouse. Gaylord said that he will be operating it under the Hamburger Patties business license.

Troy Houston made a motion for approval of the Beer and Wine License application pending approval of the State and giving Parowan City Manager, Shayne Scott, approval to draft a letter with the council's approval. Ben Johnson seconded the motion. All members present voted to approve this motion.

CENTER CREEK ENGINEERING CONTRACT MODIFICATION - SUNRISE

ENGINEERING: Shayne said that this contract modification was on the last council meeting agenda and it was agreed not to modify the contract at that time. In between these meetings, Von Mellor, Jesse Ralphs and Mayor Landes met to discuss this contract.

Shayne said that it was discussed that the inspection of what needs to happen on the rest of the project is something that the City could take on, but some things they think Jesse needs to be involved with such as contract administration and dealing with the different parties involved. Shayne said, they think this is an honest assessment of what the City is capable of doing. They cut the modification of the contract in half and we will only pay for what we use, it's a time and use contract.

Steve Thayer asked if the city is still under budget on the project. Shayne said yes.

Ben Johnson made a motion to approve the contract of modification of the Center Creek Engineering Contract that meets the intent of what we talked about at the last meeting as a not to exceed amount. Steve Thayer seconded the motion. All members present voted in favor of this motion.

CENTER CREEK CHANGE ORDER #7 - SUNRISE ENGINEERING: Shayne said this is for removal of the valves. One of two things still needs to happen. We need to remove the valves or we need to put in air vacs in the pipe, so its either this change order or another to install air vacs.

Von explained that the valves will never be used and if we do use them, we would have to install air vacs. By just removing the valves, it is much cheaper than installing air vacs. Von said that there is really no practical use for the valves and that leaving them in creates a restriction of the flow in the pen stock.

He said that it seems to be operating ok now, but he is concerned when they put in the by-pass and try and operate that with the plant, we will lose generation. He said that by leaving them in there is will be a maintenance problem and will probably have to take them out at some point anyway.

Ben asked if we retain ownership of the valves. Von said that we will keep the valves, and either use them or sell them.

Troy asked if this was mis-designed by the engineer or an overlook from them. Von said that they put them in to do a pressure test on the pen-stock and that was basically all they were used for. In the design process, he feels they used them do a better job of pressure testing and Von told them, at the time, he wasn't in favor of this expensive item. Discussions went back and forth on if they were even needed, but decisions were made to put them in.

Shayne said that the reservoir company really want to keep those valves. Von said he talked with the reservoir company and he felt they misunderstood what the valves would be used for and how they would affect the project. They were used to the old penstock that filled very slowly, and now with the new penstock, we should be able to fill the penstock rather quickly. He said once the reservoir company understood the problem, he feels they were satisfied to remove them.

Ben asked if we leave the valves in place, will there be more expense? Von said yes, there would be more expense because we need to put in the air vacs.

Troy asked why wasn't it designed with the air vacs in to begin with. Von said they did have a lot of air vacs and drain valves along the way, so when they shut the penstock down you could drain the low spots. Von said that in talking with the engineers, by taking a lot of that out it saved us a lot of money in the design and construction. If we had gone with the original design, we would be \$100,000 plus more in costs. That is why we ended up with these valves to pressure test it with. It was cheaper in the long run to do it this way

Ben Johnson made a motion to approve the Center Creek Change Order #7 for Precision Pipeline in the amount of \$13,605.00. Steve Thayer seconded the motion. Alan Adams and Jay Orton agreed with the motion. Troy Houston voted in opposition of the motion. Motion was carried.

RUFUS BUILDING SELECTION- ECONOMIC DEVELOPMENT

RECOMMENDATION: Mayor Landes explained the process that has been involved with the Rufus Building selection. They had nine applicants, which was narrowed down to four. The Economic Development Committee then narrowed that down to tow and voted on the two applicants, which resulted in a tie vote. Mayor Landes said that because of the two applicants involved, he realizes that this will be an emotional and difficult decision. The two applicants were invited to present their proposals to the City Council.

Heather Johnson Mineer with Sunshine Dance presented her proposal of a dance studio at the location. Jason and Katie Green presented a proposal of a barber/beauty shop and retail space at the location.

Both applicants were very complimentary of the other applicant and told the council that there would be no hard feelings with the decision that was to be made.

After the presentations, Troy said that the things happening on Main Street right now are positive. The new main street, new look, the positive attitudes. He appreciates how everyone has been so positive with this project. Parowan is getting stronger all the way around. Whoever gets this building will have a positive impact, but he would also like to see the council offer to

those that didn't get this project a break on impact fees to build their own building and/or to offer incentives to start a business here in Parowan. He also said that we need to thank Tom Pierce for the generous offer of turning this building over to Parowan.

Steve agreed with Troy and would like to offer some incentives for businesses to do business in Parowan.

Alan Adams said that he declared a conflict because his daughter has worked for the Mineers, and all of his daughters have danced and clogged with the Johnsons' and now his granddaughters are dancing. He said on the other side, Jason has been like a son to him so this decision is a very hard one. He complimented both parties on their presentation

Ben said he felt this was such a positive thing and was very happy to see two Parowan High graduates that are giving back to this community by wanting to see it grow and progress.

Troy made a motion to award the Rufus Building to Barber J (Jason Green and Katie Green) with the contingency that if it's not started within six months, it will automatically be awarded to Sunshine Dance. Steve Thayer seconded the motion. A roll call vote was called.

Jay Orton	Yes
Troy Houston	Yes
Alan Adams	Yes
Steve Thayer	Yes
Ben Johnson	Abstain

Mayor Landes thanked both parties and the public. He thanked all the applicants on this project. He said that we need a dance studio as the arts are extremely important to this community. Whatever we can do as a council, that we can legally do, we need to try and entertain ideas to help businesses get started. The council all agreed with this.

The impact fees cannot be addressed tonight, but it was asked to be put on the next council agenda.

AUDIT PRESENTATION/ACCEPTANCE - HINTON BURDICK CPA: Chad Atkinson from Hinton Burdick was at the meeting to present the audit. He said he first wanted to thank the City Management and staff for assisting in completing the city audit this year. He said they were very helpful and spent quite a bit of time to iron out some of the hiccups from previous years. He invited Shayne and Judy to make comments or share any insight they might have as he presented the audit.

There is a new accounting standard that came out that is related to the retirement system pension at the state level. There has been a defined benefit plan in place for public employees for years. This goes on as long as a person is alive. This has been a large liability at the state for years. So what the state has done is to take that ongoing liability and divide it up among the various agencies in the state and have them start reporting on that liability. Parowan's share was about \$600,000 in liability and is reported in the financial statements. There will be this new liability

on the financial statements. It will change each year depending on the age and status of employees and we will continue to report on this each year.

Chad said that the general fund balance decreased by \$28,000. The budgeted decrease was \$64,000, so it performed better than was originally planned. It operated in the approved balance on the whole. There is an organization in the accounting world called the GFOA that has recommendations on how much minimum fund balance you should have in a fund. Their recommendation is that you should have 2 months of operating expenses kept in an operation account. Parowan City currently has about 2 months in reserve. You can't have more than \$500,000. The general fund is stable and Parowan City should continue to operate within the budget that is prepared.

The water fund had a change in net position of about \$20,000. The water fund has approximately 6 months in operating reserve and the debt service reserves are completely funded. The water fund is stable.

For reporting they have combined the collection and treatment sewer funds. There is a net position of \$39,00 for fiscal year 2015. There are eleven months in operating reserves and all debt reserves are completely funded. Chad said he doesn't see any problems or issues with the sewer funds.

The electric fund continues to have positive results. There is a change in net position of \$516,000. The unrestricted net position increased by \$439,000. During the year the City issued debt of 3.5 million. They used that debt to make capital asset improvements to the Center creek Hydro project. The cash position was up \$370,000 from FY14. The electric fund has adequate resources and is stable. Shayne mentioned that the power board has been discussing the fund balance and how much is too much or not enough. There will be a lot more discussion in the coming year.

Chad went over the capital asset highlights. He said at the end of the fiscal year, the City Hall had about 1.1 million invested in it. It has been completed now, but that was the progress in FY15. There were main street bathrooms completed for \$90,000 in FY15 and new sidewalks for \$39,000. On the business side of the ledger the 300 East Well had \$53,000 invested into at the end of the fiscal year and Center Creek Hydro had 3.1 million in FY 15. There was also a Ford bucket truck purchase for \$80,000. Shayne said that all those government assets had some form of grant involved with them.

Chad said that one fund should catch your attention. The garbage fund has a loss of \$53,000 and has a deficit equity position of \$50,000, which will call attention by the state. This fund borrowed money from the water fund for \$78,000. That would be an action item for the council going forward. Shayne said we will need to look at this when we open the budget in this year. One thing that the City did was pay off the garbage truck and bought a new garbage truck in the same year. Shayne said that he hopes paying those things off might be the reason for such a deficit. This is not a large fund and hopefully this next year will be a different outcome. Shayne said another thing that happened was that the garbage fund was not paying for services they

used. For example, a portion of the audit should come from the garbage fund, some salaries and this was not being done. This has since been corrected and that is also a reason for the loss.

Steve asked why the garbage fund borrowed from the water fund, when that fund was already hurting. Chad explained that this was probably an oversight from the accounting software company, who made the adjustment. Shayne asked if that balance in the water fund includes this transfer. Chad said yes, it is shown as a loan that needs to be collected from the garbage fund. Shayne said we should correct that and borrow from a more solvent fund. He explained that you can borrow from another enterprise fund, it might not be good practice, but you can borrow from another fund. We can also raise rates. Shayne said that we did raise rates in July, but that was a very minimal increase and may not be enough to handle the deficit. Chad said that as long as it's lawful, you can do the transfers.

Chad went onto the reports on compliance and internal control. In regards to the State Compliance there were 6 compliance findings. The State Auditor's office has changed the requirements a lot lately and a lot of our clients have been "zinged" on some of the new requirements. Chad said he went over these with the staff and they are aware of what needs to be done. Ben mentioned one compliance issue on the notice to City customers. Chad said that when you open the budget you need to send out a separate mailing to each residential user to provide written notice when you transfer money between the enterprise fund and the general fund.

Troy said another of the findings was the timely posting of minutes. Shayne explained that Callie has three days, once Council minutes are adopted, to be posted on the website. There were instances this did not happen, but this has been corrected.

Troy asked Chad to explain the deficit finding on the garbage fund. Chad said that the State will look at this fund and ask the City to address how they will decrease or remove the deficit in the garbage fund. Chad said that the other clients he has worked with in this situation, the State will ask them to reduce this within two to three years, not necessarily all in one year. Shayne said that staff is looking for all ways to reduce this deficit.

Ben had a question on the finding on the impact fees. It says that the impact fee reporting did not have all the required elements. Judy explained that she had prepared the report showing impact fees used, but did not have the individuals name listed. You now have to show, not only the amount used, but whose impact fee money you used. Chad said this is a new requirement. The Mayor and Council thanked Chad for his work on the audit.

GENERAL PLAN ADOPTION: Shayne said that unless anyone had any changes, the general plan is ready for adoption. Troy said the only thing he saw was on page five, and just needed an addition of "Mother Town" in one location.

Ben Johnson made a motion to adopt the general plan. Steve Thayer seconded the motion. All members present voted in favor of this motion.

WORK MEETING

SHADE TREE COMMITTEE ANNUAL PRESENTATION - MARY HANLEY: Mary Hanley went through the Shade Tree Committee accomplishments for the past year. She discussed the trees that are scheduled for removal. She said that the trees by the Veterans War Memorial will be removed in the next year. There are plans to have the Arbor Day Celebration at the War Memorial and have the community help plant trees around it. It was suggested that the Shade Tree Committee put the information in the newsletter.

FIRE PROTECTION LEGISLATION - RYAN RIDDLE: Ryan Riddle said that there is some legislation in the next year that will affect the Cities. What is being proposed is that the Division of Forestry will pick up the cost of fires that have escaped the initial attack by local municipalities. He said that will help because some fires can get very costly and could bankrupt some cities. Ryan said they are asking for the cities help to bolster the fire prevention programs and work with the community to make a more fire resilient boundary around the city. The municipal fire departments will still continue the initial attack, but the Division of Forestry will help when needed.

Ryan Riddle and Mike Melton gave a short presentation on what is being proposed. Mike said that they are still working out the details but wanted the City to be aware of what is being talked about.

HUMAN RESOURCE MANUAL CHANGE - DATE OF 240 HOURS EXPIRATION: Shayne said that the human resource manual allows employees to keep a maximum of 240 hours of vacation. Right now the expiration is in June of each year. He said that staff brought it to his attention that it may work better to have the expiration in December, so calendar year not fiscal year. During the summer is when everyone is busy and if there are excess hours, some take a lot of June off.

The council asked how the staff were doing with their hours. Shayne said that for the most part, the employees are all within the hours. This will be brought back on the next action meeting.

MEMBER REPORTS: Steve Thayer had nothing to report.

Jay Orton thanked the Shade Tree Committee for the time and effort they devote.

Ben Johnson thanked Troy and said he was very impressed with the things Troy does for the City and what a huge asset he is to this community. Ben said that the Economic Development Committee took on a big undertaking and have done a great job with the Rufus Building selection. The Youth Council have started planning their trip to the capital. They are working with other youth councils to organize a dinner and movie night and creating a Facebook page for the youth council.

Alan Adams also thanked Troy for all his years on the council. He said he appreciated his level headed approach. Alan said that there will be no Power Board this month, but there is a trip to UAMPS next Wednesday.

Troy Houston said that he started out on the Planning and Zoning for 4 years and then the council for eight years. He said in the last ten years he has seen the city really change for the better. He said that the City has been through some weak times, but believes it has changed and has turned around thanks to leadership and staff. He thanked the staff and everyone that volunteers and helps out with everything. He appreciates those that will step up and take action. He said he has enjoyed being on the council, but with that comes a lot of negativity. He encouraged the council to keep positive; say what you mean and mean what you say. He told the audience to get involved, be on a committee, and serve your community.

The Mayor said that initially Troy did not want to run the for the second term, but the City really needed him. He has been an anchor on the council for eight years. Mayor Landes told Troy that he appreciated his leadership and thanked him for all that he has done for the community.

PUBLIC COMMENT & DISCUSSION - TWO MINUTE LIMIT: Kelly Stones stood and thanked Councilman Troy Houston for his service on the council and said he appreciated the time and all the effort that he gave while on the council.

ADJOURN: Jay Orton made a motion to adjourn the City Council meeting at 8:10 P.M. Troy Houston seconded the motion. All members voted in favor of this motion and the meeting was adjourned.


Donald G. Landes, Mayor
Judy Schiers, Parowan City Treasurer, Acting Secretary